

The Resilient Library Newsletter

February 28, 2021

Volume 5, Issue 4

PLEASE NOTE:

Many of the images and underlined text in this newsletter have hyperlinks to their corresponding websites.

Press Click or Ctrl+click on images and underlined text to be directed to those websites.

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10 Things You Need to Know About Your 2020 Tax Return

Filing taxes won't be the same this year. Blame the pandemic.

By John Waggoner, AARP

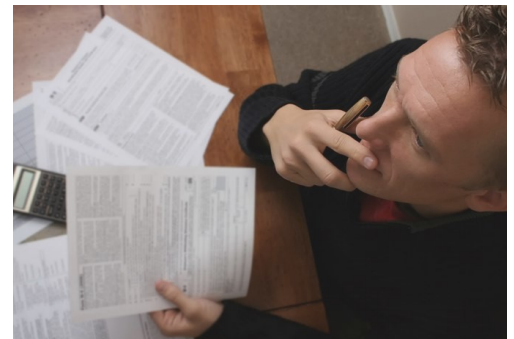
Getting ready to tackle your federal income taxes for 2020? Due in large part to the coronavirus pandemic, your return could be different—and perhaps a bit trickier—this year than in years past. Here are 10 things taxpayers should understand before filling out a 1040.

1. Deadlines are deadlines

...Federal income tax returns are due April 15 this year, the traditional filing deadline. Congress extended the deadline ... last year because of the disruptions caused by COVID-19.

The Internal Revenue Service (IRS) set February 12 as the start date for processing 2020 returns, which is later than normal.... The IRS says it needed the extra time to reprogram systems due to the tax law changes on December 27 that authorized a second round of stimulus payments.

Are you a procrastinator? Any taxpayer can get an automatic filing extension to October 15 by submitting [Form 4868](#), "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return." However, you still must pay the amount of tax owed by April 15 or face interest and penalties. Soldiers in combat zones and people living in disaster



areas typically get an extension on both filing and paying federal income taxes.

2. Penalties are penalties

Another certainty: If you're required to file a federal tax return but don't, you'll pay. If you file after April 15 without having asked for an extension, you'll have to pay a late filing fee, which is 5 percent of the taxes you owe for each month, or part of a month, that a tax return is late. That penalty starts accruing the day after the tax filing due date and can build up to a maximum of 25 percent of your unpaid taxes.

The IRS also levies a late payment penalty, which is 0.5 percent of your unpaid taxes each month (that's 6 percent annually). If you blow the filing deadline and the payment deadline, however, the maximum monthly penalty is 5 percent of your unpaid taxes. Unlike the late

See **2020 Tax Return** on page 2

filing penalty, the late payment fee keeps accruing until you pay your taxes.

You can [pay your taxes by credit card](#) if you don't have the money you owe on hand. But be warned that you'll be charged a processing fee. You can also ask the IRS for a [payment plan via this online tool](#).

3. There's still a chance to claim missing stimulus checks

If you didn't get a stimulus check last year—or if you didn't get as much as you were entitled to—you can claim the missing stimulus money on your 2020 tax return in the form of a tax credit called the Recovery Rebate Credit. (The stimulus payments were, technically, an advance on this tax credit.) A tax credit reduces your taxes, dollar for dollar—and in this case, it can not only reduce your taxes to zero but produce a refund.

Use the [Recovery Rebate Credit Worksheet](#) that comes with your federal tax return to figure how much of a credit, if any, you're eligible for. The 21-line worksheet looks intimidating, but it's worth the effort if you're missing money. No itemization is required. The amount from the worksheet goes on line 30 of your 1040 form.

You can pay your taxes by credit card if you don't have the money on hand. . . You can also ask the IRS for a payment plan . . .

4. And those stimulus checks aren't taxable

According to the IRS, [stimulus payments are not considered income](#) and no tax is owed on the money. Stimulus payments are also not considered income for purposes of determining eligibility for federal benefits or assistance programs.

For the 2020 tax year, the standard deduction is \$12,400 for individuals and \$24,800 for married couples filing jointly . . . up from 2019.

5. But your unemployment checks are taxable

Unemployment benefits were a lifeline for many who lost their jobs last year during the pandemic. Unfortunately, those jobless benefits are taxable.

When you signed up for unemployment benefits, you had the option to have taxes withheld. Whether you did or not, you'll receive a Form 1099-G, "Certain Government Payments," which will show the amount of unemployment benefits you received in 2020 and how much, if anything, was withheld for taxes. Any severance pay you received last year is also taxable.

Depending on your income the number of dependents you have, you may be eligible for the [Earned Income Tax Credit \(EITC\)](#), which could reduce your taxes owed, dollar for dollar, by as much as \$6,660. Like the Recovery Rebate Credit, the EITC is a refundable credit, which means you'll get the

full amount of the credit you're eligible for, even if you had no income and even if it results in a refund.

6. Are you 65 or older? Enjoy a bigger standard deduction

In order to itemize deductions, you need to have more in deductions than the standard deduction, which everyone gets. For the 2020 tax year, the standard deduction is \$12,400 for individuals and \$24,800 for married couples filing jointly, which is up from the \$12,200 for individuals and \$24,400 for married couples in 2019. It's \$18,650 for heads of households, which is up \$300 from 2019.

Taking the generous standard deduction isn't the worst thing in the world: If you rented your home or didn't have a pile of other deductions, your standard deduction is probably more than you would get by itemizing. And taking the standard deduction means you don't have to keep a shoebox full of receipts all year.

The standard deduction for 2020 gets even better for age 65-plus taxpayers. Married taxpayers . . . get an extra \$1,300 apiece added to their standard deductions.

The standard deduction for 2020 gets even better for age 65-plus taxpayers. Married taxpayers born before January 2, 1956, whether filing jointly or separately, get an extra \$1,300 apiece added to their standard deductions. The additional

standard deduction is \$1,650 for singles and heads of households. You are also eligible for the same additional standard deduction amounts if you are blind and younger than 65. If you are over 65 and blind, the amount doubles.

7. Taxpayers age 65-plus also enjoy their own tax return

Calculating the bigger standard deduction is made easier with [Form 1040-SR, “U.S. Tax Return for Seniors.”](#) The special tax return for those 65 and older includes a simple-to-use standard deduction chart at the bottom of the form that shows the amount of the bigger standard deduction based on your filing status and how many boxes you check for age and blindness. And for those who still use paper forms—electronic filing is highly recommended for speed and accuracy—the 1040-SR form is much easier to read than the standard 1040, thanks to a larger font size for the text.

Medical expense deductions: The temporary current threshold of 7.5 percent . . . has now been made permanent . . .

8. There’s good news about medical expense deductions

You need two things to [deduct medical expenses](#). First, all of your itemized deductions, including eligible medical deductions, need to add up to more than the standard deduction. Second, you can deduct only medical expenses that are above a specified threshold of your adjusted gross income (AGI). The

temporary current threshold of 7.5 percent, which was scheduled to return to 10 percent in 2021, has now been made permanent, thanks to the pandemic. The permanent 7.5 percent threshold was included in stimulus-related legislation signed into law on December 27.

A remarkably large number of [unreimbursed expenses are eligible for the medical deduction](#) in order to help get you above the 7.5 percent threshold—aside from the usual out-of-pocket fees you pay to doctors and dentists. You can deduct the costs of nursing home care, for example, provided that medical services are the main reason for being in the nursing home. You can also deduct acupuncture sessions, smoking cessation programs, false teeth and some insurance premiums.

9. There’s also good news about charitable deductions

If you miss taking the deduction for charitable giving because you can’t overcome the bigger standard deductions that were implemented in 2018 by tax reform legislation, you’re not alone. The charitable deduction was an incentive that helped funnel a great deal of money into charities.

To ease their suffering a bit, Congress allowed anyone who takes the standard deduction to [deduct up to \\$300 in cash donations](#) (which includes, currency, checks, credit or debit cards, and electronic fund transfers) made to charities in 2020 directly on their 1040s—no itemizing required. The \$300 maximum is per “tax unit,” which means you can only deduct \$300, no matter whether you’re filing a joint return or a single return. It gets better in the 2021 tax year, when those filing jointly can get a

maximum deduction of \$600—\$300 per spouse.

. . . anyone who takes the standard deduction can deduct up to \$300 for donations to charities in 2020. . .

10. Mind your Social Security payroll taxes

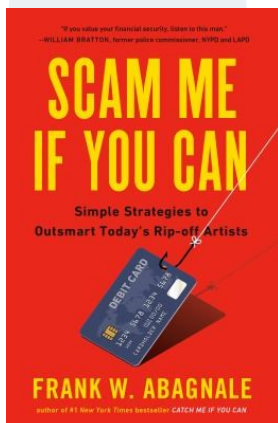
The IRS issued guidance last August that gave employers the option to [defer collection of employees’ portions of Social Security payroll taxes](#) between September 1 and December 31, 2020. The idea was to give workers a bit more in their paychecks during that four-month stretch in order to help ease the impact of the COVID-19 crisis. Employees originally were required to repay the deferred taxes this year by April 30, either in a lump sum or incrementally through increased paycheck withholdings.

You’ll still have to repay any payroll taxes deferred in 2020, but Congress has given you more time to do so. Under stimulus-related legislation signed into law on December 27, you’ll now have until the end of 2021 to repay the deferred Social Security payroll taxes before penalties and interest start to accrue.

As a reminder, the Social Security payroll tax is 12.4 percent, with the employee paying 6.2 percent and the employer paying 6.2 percent. Self-employed workers pay the full 12.4 percent themselves. In 2020, you paid Social Security tax on income up to \$137,700, an increase from the \$132,900 income cap in 2019. □

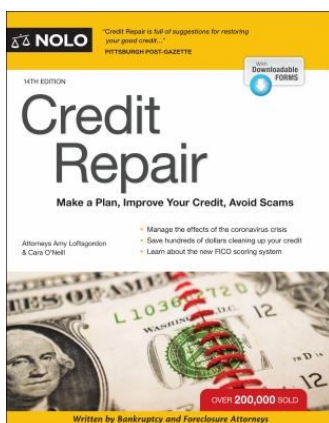
Excerpted from [What Seniors Should Know Before Filing 2020 Taxes \(aarp.org\)](#)

Book Spotlight—*Scam Me If You Can* Simple Strategies to Outsmart Today's Rip-Off Artists



Available at
www.rvl.info

“Are you at risk of being scammed? Former con artist and bestselling author of *Catch Me If You Can* Frank Abagnale shows you how to stop scammers in their tracks. Maybe you’re wondering how to make the scam phone calls stop. Perhaps someone has stolen your credit card number. Or you’ve been a victim of identity theft. Even if you haven’t yet been the target of a crime, con artists are always out there, waiting for the right moment to steal your information, your money, and your life. As one of the world’s most respected authorities on the subjects of fraud, forgery, and cyber security, Frank Abagnale knows how scammers work. In *Scam Me If You Can*, he reveals the latest tricks that today’s scammers, hackers, and con artists use to steal your money and personal information—often online and over the phone. Using plain language and vivid examples, Abagnale reveals hundreds of tips, including: The best way to protect your phone from being hacked; the only time you should ever use a debit card; the one type of photo you should never post on social media; the only conditions under which you should use WiFi networks at the airport; the safest way to use an ATM. With his simple but counterintuitive rules, Abagnale also makes use of his insider intel to paint a picture of cybercrimes that haven’t become widespread yet.”



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Book Spotlight—*Credit Repair* Make a Plan, Improve Your Credit, Avoid Scams

“This book discusses how to prioritize debts and create a budget, reduce debts and cut expenses, negotiate with creditors, correct credit report errors and remove old information, add positive information to a credit report, adopt strategies to rebuild credit, and avoid identity theft and credit repair scams. Updates to this edition include the latest student loan repayment programs, new credit-building strategies, changes to the credit scoring of tax liens, medical debt, and civil judgments, identity theft reporting developments,, and more...”

DVD Spotlight—*The Retirement Gamble*

The Retirement Gamble reveals how fees, self-dealing, and kickbacks bring great profits to Wall Street while imperiling the prospects of a secure future for individuals. The film questions who has the consumer’s best interests in mind, and whether there is a better way to manage our retirements.



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Money Wise—National Consumer Protection Week this year is February 28—March 6

Volume 5, Issue 4

By Ari Lazarus, Consumer Education Specialist, FTC

National Consumer Protection Week (NCPW) 2021 is February 28 through March 6. Join the Federal Trade Commission (FTC) for some virtual events. NCPW is a time when the FTC joins with local, state, and national partners to bring you information and advice on scams, identity theft, and other consumer protection issues.

Monday, March 1—Friday, March 5

Follow FTC and USAGov on social media for quick, shareable consumer tips all week long.

Facebook: [Federal Trade Commission](#), [USAGov](#), [USAGov en Español](#)

Twitter: [@FTC](#), [@LaFTC](#), [@USAGov](#), [@USAGovEspanol](#)

Instagram: [@USAGov](#)

National Consumer Protection Week

February 28 – March 6 • #NCPW2021

I saw an ad for facemasks online.
I paid but never got them.

Tell the FTC at [ReportFraud.ftc.gov](#)

Wednesday, March 3

2pm EST: Join us for a [Facebook Live](#) with AARP's Fraud Watch Network on how to spot and avoid Coronavirus scams. Join live and ask questions!

Thursday, March 4

1pm/3pm EST: Participate in our "Slam the Scam" Twitter chats on avoiding Coronavirus and imposter scams.

Join at 1 pm EST for our chat in Spanish with [@laFTC](#), [@USAGovEspanol](#) and [@SeguroSocial](#). Use the hashtag #OjoConLasEstafas and #NCPW2021 to follow the conversation.

Join at 3pm EST for our chat in English with [@FTC](#), [@USAGov](#), [@SocialSecurity](#). Use the hashtag #SlamTheScamChat and #NCPW2021 to follow the conversation,

1 pm EST: Join the FTC, the Consumer Financial Protection Bureau (CFPB), and AARP's Fraud Watch Network for a [webinar on Cyber Scams & Older Adults](#). The webinar will focus on avoiding scams, including phishing, tech support scams and COVID-19 related scams.

7 pm EST: Join the FTC for a [Facebook Live](#) with colleagues from the Social Security Administration's (SSA's) Office of the Inspector General. They'll talk about how to spot and avoid Social Security scams. Join LIVE and ask questions!

National Consumer Protection Week

February 28 – March 6 • #NCPW2021

She said it was the government calling. But she wanted my Social Security number. No way.

Tell the FTC at [ReportFraud.ftc.gov](#)

For more information, and to get involved, check out [ftc.gov/NCPW](#).

Blog Topics: [Money & Credit](#), [Privacy, Identity & Online Security](#)

Excerpted from [Join us for these NCPW events next week | FTC Consumer Information](#) □



Salem Public Library

28 E Main Street
Salem VA 24153

Phone: 540-375-3089

Fax: 540-389-7054

Email: library@salemva.gov

Website: [https://](https://www.salemva.gov/departments/salem-public-library)

[www.salemva.gov/](https://www.salemva.gov/departments/salem-public-library)

[departments/salem-public-library](https://www.salemva.gov/departments/salem-public-library)

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ABOUT THIS NEWSLETTER: This free, weekly (during the pandemic) newsletter is intended for people over 50 and their caregivers.

SUBSCRIPTION INFORMATION: If you would like to subscribe to our newsletter, please let us know by either:

- Calling the library between 10:00 a.m. and 4:00 p.m. each day OR
- Email us at library@salemva.gov OR
- Print copies will be available in our front lobby.

We will post a link on our [website home page](#) to view this newsletter online. Archived versions of the online version are posted on our website on the Adult Resources page.

LIBRARY SERVICES/EVENTS BEING OFFERED AT THIS TIME:

CONTACT-FREE PICKUP is available in our front lobby every day from 10:00 a.m. to 4:00 p.m. for picking up requested items. Please call before heading to the library so that we can check out your items to your account before you get here. *Thank you!*

LEAVE IT TO A LIBRARIAN For Adult Fiction: The library is closed and you don't want to spend hours browsing the online catalog? Call us, email us, or click the link on our website home page to give a hint or two (genre, authors you like). Tell us how many books you want. We'll fill a bag and leave it in the front foyer for you.

SOCIALIZE WITH US! ON FACEBOOK, GOODREADS, OR INSTAGRAM— Click on the icons near the bottom of our [website home page](#).

A Little Humor

1. I entered ten puns in a contest to see which would win.

No pun in ten did.

2. You heard the rumor going around about butter?

Never mind, I shouldn't spread it.

3. What's the best thing about Switzerland.

I don't know, but the flag is a big plus.

4. You know, it was so cold in D.C. the other day, I saw a politician with his hands in his *own* pockets.

5. How many tickles does it take to get an octopus to laugh?

Ten tickles.

6. My teachers told me I'd never amount to much since I procrastinated so much.

I told them, "Just you wait!"

7. Why aren't koalas considered bears?

They don't have the right koala-fications.

8. What's a pirate's favorite letter?

You probably think it's "R" but it be the "C."

9. You know why you never see elephants hiding up in trees?

Because they're good at it.

10. What do you call a cow with a twitch?

Beef jerky.

11. Someone stole my Microsoft Office and they're gonna pay

You have my word.

12. What's the best thing about Switzerland?

I don't know but the flag is a big plus.

13. Did you hear about the cheese factory that exploded in France?

There was nothing left but de Brie.

14. Why are crabs so bad at sharing?

Because they're all shellfish.

15. I've been trying to make a sarcastic club, but it's been really hard to tell if people are interested in joining or not.

16. And the Lord said unto John, "Come forth and you will receive eternal life."

But John came in fifth and won a toaster.